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Tesco Provides Casing Drilling Operations Update

Source: Tesco Corporation

Tesco Corporation is pleased to report continued progress in the Company's program to commercialize its Casing Drilling(TM) technology.

In South Texas, Tesco Corporation successfully completed the fourth well in a five well Casing Drilling(TM) program for a major international oil company. This well was casing drilled to more than 8,100 feet in approximately 12 days, showing a marked improvement over previous wells on both rotating hours and overall time. It also closely tracked the best conventionally drilled off-set well in the area. At the request of the operator, drilling continued to 9,500 ft using drill pipe. The top portions of the well were drilled with 9 5/8" surface casing to 575 ft and 7" intermediate casing to 8,100 ft. We controlled previously experienced deviation problems by using a down-hole motor and an improved bottom hole assembly configuration on both sections of the well. As a result we were able to achieve very high instantaneous penetration rates. With the exception of a partial casing trip due to an easily corrected problem, we were able to pull the down-hole tool assemblies using wire line only and all strings of casing were cemented without incident. These achievements represent significant progress in the South Texas program. We are confident that the Company is beginning to enjoy "learning curve" benefits and is in a position to benefit from the success experienced on this well. The fifth well in the South Texas program is scheduled for early next week.

Tesco has been working with a major U.K. operator to develop a Casing Drilling(TM) liner completion program for the North Sea Brent field. In preparation for this technically innovative program, Tesco is drilling a jointly funded well in its Calgary yard to test the tools developed for the project. In a well that was started last weekend, the tools will be drilled to a depth of approximately 3,600 ft. The program includes a directional section, which mirrors the Brent project requirement, and all of the down-hole tools and equipment to be used offshore will be run in the test well. In particular we are testing a new generation 5 1/2" bottom hole assembly capable of drilling 7 1/2" hole. The Brent program may begin as early as the first quarter of 2001.

Tesco will continue to report progress on the continuing commercialization of its Casing Drilling(TM) technology as milestones are reached. Tesco's patented Casing Drilling(TM) process is a revolutionary new method of drilling oil and natural gas wells. Using standard oilfield casing instead of drill pipe, Casing Drilling(TM) allows a well to be simultaneously drilled, cased and evaluated. Wells are drilled by rotating the casing or using a down-hole mud motor and are fully steerable with conventional directional tools. Because down-hole drilling tools are retrieved or "tripped" using wireline inside of the casing, the time required to change bits is potentially dramatically reduced when compared to tripping conventional drill pipe. With Casing Drilling(TM), an operator should be able to complete wells faster, preserve well bore integrity, lower operating expenses, reduce manpower requirements, improve safety and eliminate costly and time consuming downhole problems that are common with the conventional drilling. In developing this new technology, Tesco has also introduced other new products, including a highly efficient, lower cost rig and innovative downhole tools.

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